

Q&A: The Benefits of Providing Paid Leave During a Recession

Q: Why should we extend paid leave benefits to federal workers during a recession?

Paid leave is good for working families.

A: Paid leave insures that the birth of a child does not further destabilize families who are struggling to make ends meet. During a recession, working families need all the help they can get. 11.6 million Americans are unemployed today, which means that every paycheck counts more than ever. Millions of dual-earner couples were struggling to stay afloat on two incomes before the economic crisis, and massive job losses mean that many of those families are now scrambling to pay the bills on just one income. Without paid leave, the birth of a child means that many working families are left with no income at all. By extending benefits to federal workers, we can diminish the risk of real economic hardship for the 1.8 million employees of America's largest employer – the federal government.

A: The federal workers who will benefit from paid leave benefits are those who need the most help keeping their families afloat in tough economic times. 45% of full-time federal employees of prime child-bearing age (20-39 year olds) have annual salaries under \$49,000. 25% of these workers earn less than \$39,000 annually. These modest salaries mean that many of these families did not have the ability to save up a nest egg prior to the arrival of a new child – and the financial collapse means that even families who were able to put aside some savings have seen their nest eggs disappear. Paid leave for federal workers will play a critical role in stabilizing these middle-class families' incomes, and will keep them from slipping into poverty as the consequence of the birth of a child.

A: Most new parents have no choice but to take a leave from work when their child is born. Child care facilities for newborns are rare – federal day care centers typically do not accept children who are less than six weeks old. The Senate and House child care centers do not accept infants under ten weeks old. Paid leave helps ensure that this necessary leave of absence does not force a family into a position of financial hardship.

Paid leave is good for the economy.

A: The newly-enacted economic stimulus package aims to jumpstart the ailing economy by creating jobs and supporting family incomes. The focus on job creation and income support should spur consumption, a key engine to economic growth. New parents spend an average of \$11,000 in the year that a child is born, according to a study by the U.S. Department of Agriculture. By insuring that families' incomes remain steady while a parent is at home caring for a new child, paid leave insures that new parents' consumption remains steady, too. This consumption drives economic growth, which is precisely what our economy needs to recover.

Prepared by the Office of Rep. Carolyn B. Maloney

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A: By investing in paid leave today, we are investing in the workforce of tomorrow. Numerous studies document the role of paid leave in encouraging child well-visits, immunizations, parent/child bonding, breast-feeding, and other behaviors with important implications for long-term child development. Paid leave policies are a long-term investment in our nation's economy, because our economy is only as strong as our workforce, and a strong next-generation workforce depends on our children's healthy development.

Paid leave is good for taxpayers.

A: Paid leave is an excellent retention strategy for employers, because workers are more likely to return to their jobs after a leave if these benefits are provided. By providing paid leave to federal employees, the federal government could save money in the long run – the cost of turnover is 20% of an employee's salary, but four weeks of paid leave is just 8% of an employee's salary. Moreover, paid leave may boost worker morale, which in turn will lead to a more efficient, productive federal workforce. Saving the federal government's money means saving the taxpayers' money.

A: In a down economy, workers who take parental leave without pay are at risk of serious financial hardship. These workers may qualify for federal or state benefits such as TANF or SNAP (formerly Food Stamps), which places an additional burden on systems that are already strained by ballooning caseloads. New recipients of means-tested income support programs cost taxpayers money, and create additional pressure on budgets that are already maxed-out. By providing paid leave benefits, the federal government can avoid further straining programs that are struggling to serve a growing population of unemployed Americans.

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